

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-09 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04 SIL-01

L-03 H-02 PA-02 PRS-01 IO-10 OIC-02 /110 W

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R 220945Z AUG 75

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 1067

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY SINGAPORE

UNCLAS KUALA LUMPUR 5036

E.O. 11652: NA

TAGS: EFIN, IBRD, IMF, MY

SUBJ: MALAYSIA SEEKS FINANCING FOR BUFFER STOCKS

FROM IBRD/IMF

REF: KL 4866

1. SUMMARY. MALAYSIA WILL CONTINUE SEEK BUFFER STOCK FINANCING FACILITES FROM WORLD BANK AND INTERNATIONAL MONETARY FUND AT MEETINGS SEPT 1-5. WILL ALSO TRY CHANGE FEELING OF WORLD BANK OFFICIALS THAT MALAYSIA DOES NOT QUALIFY FOR DEVELOPMENT LOANS FROM NEWLY CREATED IBRD FUND. END SUMMARY.

2. DEPUTY FINANCE MINISTER TAN SRI CHONG HON NYAN, LEADER OF DELEGATION TO IBRD/IMF MEETINGS, SAID AT AUG 20 PRESS CONFERENCE THAT MALAYSIA WOULD TALK ABOUT BUFFER STOCK FINANCING FACILITIES WITH WHOMEVER WILLING LISTEN AT MEETINGS OF IBRD AND IMF IN WASHDC FROM SEPT 1-5. HE SAID THAT IMF HAD INDICATED THAT IT WAS PREPARED TO PROVIDE FLOATING UNCLASSIFIED

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FACILITIES FOR TIN BUFFER STOCK ALTHOUGH WORLD BANK

PRESIDENT ROBERT MACNAMARA SAID HE FAVORED DIRECT FINANCING OF STOCK.

3. HE STATE HE WOULD DISCUSS FINANCING PROPOSED BUFFER STOCK SCHEMENFOR RUBBER WITH WORLD BANK AND IMF OFFICIALS AND PRIVATE FINANCIAL INSTITUTIONS.

4. MALAYSIA WILL ALSO TRY TO GET MONEY FROM NEWLY CREATED FUND OF IBRD KNOWN AS "THIRD WINDOW." WILL TRY TO CHANGE ATTITUDE OF WORLD BANK OFFICIALS THAT MALAYSIA ECONOMICALLY STRONG ENOUGH TO STAND ON ITS OWN AND NOT ENTITLED TO LOANS FROM FUND.

5. OTHER MEMBERS OF MALAYSIAN DELEGATION ARE: GOVERNOR OF BANK GEGARA (CENTRAL BANK) TAN SRI ISMAIL ALI; DEPUTY SECRETARY GENERAL OF TREASURY DATUK WONG YOEK MENG; TREASURY SECRETARY (FINANCE DIVISION) YAHYA WAHAB; EXECUTIVE DIRECTOR FOR MALAYSIA AT IBRD CHOI SIEW HONG; CHIEF ECONOMIST BANK NEGRARA LIN SEE YAN; BANK NEGARA ASSISTANT ECONOMIST MOHAMED ARIF JAAFAB; TREASURY ASSISTANT SECRETARY (ECONOMIC) NG TECK; AND TREASURY ASSISTANT SECRETARY (FINANCE) ALIAS AHMAD.

6. COMMENT. DISCUSSIONS ON FINANCING RUBBER BUFFER STOCK BY MALAYSIANS WITH IBRD/IMF COINCIDE WITH EFFORTS OF MINISTER PRIMARY INDUSTRIES MUSA HITAM TO PROMOTE RUBBER PRICE STABILIZATION SCHEME AT U.N. SEVENTH SPECIAL SESSION SEPT 1 - 12 AND IN WASHDC (K.L. 4866).
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